

PURCHASING GROUPS (PURCHASING POOLS)

In Illinois a *purchasing group* is any group that is duly organized under State law (215 ILCS 123/) for the purpose of “formation, operation, and regulation” to authorize the sale and regulation of health insurance products for employers that are sold to HPGs (Health Purchasing Groups), and “to encourage the development of financially secure and cost effective markets for the basic health care needs of employers, employees, and their dependents in this State.” HPGs are not authorized to self-insure. Highlights from the State law allow for:

- Formation by 2 or more employers with no more than 500 covered employees each
- A sponsor or risk-bearer for purposes of contracting for health insurance
- May be a separate legal entity or simply an aggregate of employers
- Members must be Illinois domiciled employers, or alien employers who have become members for the sole purpose of insuring its employees whose place of employment is within the State.
- It is authorized to negotiate, solicit, market, obtain proposals for, and enter into group or master health insurance contracts on behalf of its members and their employees and employee dependents subject to the State laws pertaining to such activities.
- Risk-bearer(s) (for example, an insurance company) may be an HPG sponsor
- HPGs can have no more than 100,000 covered individual

The Illinois Manufacturers’ Association has recently formed the Consumer Choice Health Purchasing Group (greater Chicago area). They have joined with Aetna US Healthcare and the American Health Care Providers to form a purchasing group called IMA Health Options. Employees have a choice of POS or HMO plans. Between the two plans over 70% of the primary care providers in the Greater Chicago area are covered so members have a good chance of finding individual personal physicians in the network. Benefits to employers are: single billing statement, one set of forms and rules, and no decisions to make regarding choosing a single health care plan. For the employee the benefits are more favorable rates and better plan design.*

Thirteen plans have been identified in a non-exhaustive list, as of May 16, 2001. Information on one state plan has been omitted because of no response to queries.**

Selected State Purchasing Pool Plans

<u>State</u>	<u>Plan Name</u>	<u>Region Size</u>	<u>Firm Size</u>	<u>Employer and/or Employee Choice and Options</u>
California	Pacific Health Advantage	State with 6 rating regions	2-50	Employee choice of 17 HMOs, 2 POS, 7 dental and 2 vision with high and low options
Colorado	The Cooperative for Health Insurance Purchasing	State	Any size	Employee choice of high, medium or low level and employer choice of 4 HMO and POS plans
Connecticut	Health Connections	State with 4 rating regions	3-50	Employee choice of 4 HMO and POS plans with high and low options

<u>State</u>	<u>Plan Name</u>	<u>Region Size</u>	<u>Firm Size</u>	<u>Employer and/or Employee Choice and Options</u>
Florida	Community Health Purchasing Alliances	State divided into 8 CHPAs	1-50	Employer determines plans and employee choose specific plan
Kansas	Alliance Employee Health Access, Inc.	State	2-50	Employee chooses among 5 options and 3 plans and employer chooses benefit level
Montana	Community Health Options	Health plan in many areas of state; indemnity throughout state	2 or more	Employee choice between 2 plans and options subject to some size restrictions
New York	LIA Health Alliance	Long Island, Brooklyn, Queens, Nassau and Suffolk counties	2-50	Employee among 3 HMO and 2 POS plans with 3 options
New York	New York Health Purchasing Alliance	5 Boroughs of New York City	2-50	Not available
North Carolina	Caroliance	State with 4 regional organizations	Self-employed and firms <50	Employers paying 70% or more of lowest cost plan may limit employee choice to one plan. May be HMO, PPO or POS
Ohio	Council of Smaller Enterprises	Northeast Ohio	1-250 with required membership in the Greater Cleveland Growth Association	Employer may offer 1-5 different plans
Oregon	Health Choice	State with several rating regions	2-50 Oregon employees	Employee chooses among 3 HMO and POS plans and employer chooses benefit level
Washington	HealthChoice	State with several rating regions	3 or more; focus on 100 or less employees	Employee choice of HMO, POS an indemnity of out of state (or service) employees

* Illinois Manufacturers' Association. (1999). Insurance and Benefits: IMA unveils new insurance plan for small employers. Illinois Manufacturers' Association. [On-Line]. Available HTTP: <http://www.ima-net.org/publications/TIM/050699/ins.html> [2001, May 17]

** Institute for Health Policy Solutions. (1999). Directory of Consumer-Choice Health Purchasing Groups. Institute for Health Policy Solutions. [On-Line]. Available HTTP: <http://www.ihps.org/chpglist.html> [2001, May 17]